

106TH CONGRESS
2D SESSION

S. 2791

Instituting a Federal fuels tax suspension.

IN THE SENATE OF THE UNITED STATES

JUNE 26, 2000

Mrs. HUTCHISON introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

Instituting a Federal fuels tax suspension.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Federal Fuels Tax
5 Suspension Act of 2000”.

6 **SEC. 2. TEMPORARY REDUCTION IN FUEL TAXES ON GASO-**
7 **LINE, DIESEL FUEL, KEROSENE, AND SPE-**
8 **CIAL FUELS TO ZERO.**

9 (a) IN GENERAL.—Section 4081 of the Internal Rev-
10 enue Code of 1986 (relating to imposition of tax on gaso-
11 line, diesel fuel, and kerosene) is amended by adding at
12 the end the following new subsection:

1 “(f) TEMPORARY REDUCTION IN TAXES ON GASO-
2 LINE, DIESEL FUEL, KEROSENE, AND SPECIAL FUELS.—

3 “(1) IN GENERAL.—During the applicable pe-
4 riod, each rate of tax referred to in paragraph (2)
5 shall be reduced to zero.

6 “(2) RATES OF TAX.—The rates of tax referred
7 to in this paragraph are the rates of tax otherwise
8 applicable under—

9 “(A) clauses (i) and (iii) of subsection
10 (a)(2)(A) (relating to gasoline, diesel fuel, and
11 kerosene), and

12 “(B) paragraphs (1), (2), and (3) of sec-
13 tion 4041(a) (relating to diesel fuel and special
14 fuels) and section 4041(m) (relating to certain
15 alcohol fuels) with respect to fuel sold for use
16 or used in a highway vehicle.

17 “(3) SPECIAL REDUCTION RULES.—In the case
18 of a reduction under paragraph (1)—

19 “(A) subsection (c) shall be applied with-
20 out regard to paragraph (6) thereof,

21 “(B) section 40(e)(1) shall be applied with-
22 out regard to subparagraph (B) thereof,

23 “(C) section 4041(d)(1) shall be applied by
24 disregarding ‘if tax is imposed by subsection
25 (a)(1) or (2) on such sale or use’, and

1 “(D) section 6427(b) shall be applied with-
2 out regard to paragraph (2) thereof.

3 “(4) PROTECTING SOCIAL SECURITY TRUST
4 FUND.—If the Secretary, after consultation with the
5 Director of the Office of Management and Budget,
6 determines that such reduction would result in an
7 aggregate reduction in revenues to the Treasury ex-
8 ceeding the Federal on-budget surplus during the re-
9 mainder of the applicable period, the Secretary shall
10 modify such reduction such that each rate of tax re-
11 ferred to in paragraph (2) is reduced in a pro rata
12 manner and such aggregate reduction does not ex-
13 ceed such surplus.

14 “(5) MAINTENANCE OF TRUST FUND DEPOS-
15 ITS.—In determining the amounts to be appro-
16 priated to the Highway Trust Fund under section
17 9503 an amount equal to the reduction in revenues
18 to the Treasury by reason of this subsection shall be
19 treated as taxes received in the Treasury under this
20 section.

21 “(6) APPLICABLE PERIOD.—For purposes of
22 this subsection, the term ‘applicable period’ means
23 the period beginning after June 25, 2000, and end-
24 ing before September 5, 2000.”

1 (b) EFFECTIVE DATE.—The amendments made by
 2 this section shall take effect on the date of the enactment
 3 of this Act.

4 **SEC. 3. FLOOR STOCK REFUNDS.**

5 (a) IN GENERAL.—If—

6 (1) before the tax reduction date, tax has been
 7 imposed under section 4081 of the Internal Revenue
 8 Code of 1986 on any liquid, and

9 (2) on such date such liquid is held by a dealer
 10 and has not been used and is intended for sale,
 11 there shall be credited or refunded (without interest) to
 12 the person who paid such tax (hereafter in this section
 13 referred to as the “taxpayer”) an amount equal to the ex-
 14 cess of the tax paid by the taxpayer over the amount of
 15 such tax which would be imposed on such liquid had the
 16 taxable event occurred on the tax reduction date.

17 (b) TIME FOR FILING CLAIMS.—No credit or refund
 18 shall be allowed or made under this section unless—

19 (1) claim therefor is filed with the Secretary of
 20 the Treasury before the date which is 6 months
 21 after the tax reduction date, and

22 (2) in any case where liquid is held by a dealer
 23 (other than the taxpayer) on the tax reduction
 24 date—

1 (A) the dealer submits a request for refund
 2 or credit to the taxpayer before the date which
 3 is 3 months after the tax reduction date, and

4 (B) the taxpayer has repaid or agreed to
 5 repay the amount so claimed to such dealer or
 6 has obtained the written consent of such dealer
 7 to the allowance of the credit or the making of
 8 the refund.

9 (c) EXCEPTION FOR FUEL HELD IN RETAIL
 10 STOCKS.—No credit or refund shall be allowed under this
 11 section with respect to any liquid in retail stocks held at
 12 the place where intended to be sold at retail.

13 (d) DEFINITIONS.—For purposes of this section—

14 (1) the terms “dealer” and “held by a dealer”
 15 have the respective meanings given to such terms by
 16 section 6412 of such Code; except that the term
 17 “dealer” includes a producer, and

18 (2) the term “tax reduction date” means June
 19 26, 2000.

20 (e) CERTAIN RULES TO APPLY.—Rules similar to the
 21 rules of subsections (b) and (c) of section 6412 of such
 22 Code shall apply for purposes of this section.

23 **SEC. 4. FLOOR STOCKS TAX.**

24 (a) IMPOSITION OF TAX.—In the case of any liquid
 25 on which tax would have been imposed under section 4081

1 of the Internal Revenue Code of 1986 during the applica-
 2 ble period but for the amendments made by this Act, and
 3 which is held on the floor stocks tax date by any person,
 4 there is hereby imposed a floor stocks tax in an amount
 5 equal to the tax which would be imposed on such liquid
 6 had the taxable event occurred on the floor stocks tax
 7 date.

8 (b) LIABILITY FOR TAX AND METHOD OF PAY-
 9 MENT.—

10 (1) LIABILITY FOR TAX.—A person holding a
 11 liquid on the floor stocks tax date to which the tax
 12 imposed by subsection (a) applies shall be liable for
 13 such tax.

14 (2) METHOD OF PAYMENT.—The tax imposed
 15 by subsection (a) shall be paid in such manner as
 16 the Secretary of the Treasury shall prescribe.

17 (3) TIME FOR PAYMENT.—The tax imposed by
 18 subsection (a) shall be paid on or before the date
 19 which is 6 months after the floor stocks tax date.

20 (c) DEFINITIONS.—For purposes of this section—

21 (1) HELD BY A PERSON.—A liquid shall be con-
 22 sidered as “held by a person” if title thereto has
 23 passed to such person (whether or not delivery to
 24 the person has been made).

1 (2) FLOOR STOCKS TAX DATE.—The term
2 “floor stocks tax date” means September 5, 2000.

3 (3) APPLICABLE PERIOD.—The term “applica-
4 ble period” means the period beginning after June
5 25, 2000, and ending before September 5, 2000.

6 (d) EXCEPTION FOR EXEMPT USES.—The tax im-
7 posed by subsection (a) shall not apply to any liquid held
8 by any person exclusively for any use to the extent a credit
9 or refund of the tax imposed by section 4081 of such Code
10 is allowable for such use.

11 (e) EXCEPTION FOR FUEL HELD IN VEHICLE
12 TANK.—No tax shall be imposed by subsection (a) on any
13 liquid held in the tank of a motor vehicle.

14 (f) EXCEPTION FOR CERTAIN AMOUNTS OF FUEL.—

15 (1) IN GENERAL.—No tax shall be imposed by
16 subsection (a)—

17 (A) on gasoline (as defined in section 4083
18 of such Code) held on the floor stocks tax date
19 by any person if the aggregate amount of gaso-
20 line held by such person on such date does not
21 exceed 4,000 gallons, and

22 (B) on diesel fuel or kerosene (as so de-
23 fined) held on such date by any person if the
24 aggregate amount of diesel fuel or kerosene

1 held by such person on such date does not ex-
2 ceed 2,000 gallons.

3 The preceding sentence shall apply only if such per-
4 son submits to the Secretary (at the time and in the
5 manner required by the Secretary) such information
6 as the Secretary shall require for purposes of this
7 paragraph.

8 (2) EXEMPT FUEL.—For purposes of para-
9 graph (1), there shall not be taken into account fuel
10 held by any person which is exempt from the tax im-
11 posed by subsection (a) by reason of subsection (d)
12 or (e).

13 (3) CONTROLLED GROUPS.—For purposes of
14 this subsection—

15 (A) CORPORATIONS.—

16 (i) IN GENERAL.—All persons treated
17 as a controlled group shall be treated as 1
18 person.

19 (ii) CONTROLLED GROUP.—The term
20 “controlled group” has the meaning given
21 to such term by subsection (a) of section
22 1563 of such Code; except that for such
23 purposes the phrase “more than 50 per-
24 cent” shall be substituted for the phrase

1 “at least 80 percent” each place it appears
 2 in such subsection.

3 (B) NONINCORPORATED PERSONS UNDER
 4 COMMON CONTROL.—Under regulations pre-
 5 scribed by the Secretary, principles similar to
 6 the principles of subparagraph (A) shall apply
 7 to a group of persons under common control
 8 where 1 or more of such persons is not a cor-
 9 poration.

10 (g) OTHER LAW APPLICABLE.—All provisions of law,
 11 including penalties, applicable with respect to the taxes
 12 imposed by section 4081 of such Code shall, insofar as
 13 applicable and not inconsistent with the provisions of this
 14 subsection, apply with respect to the floor stock taxes im-
 15 posed by subsection (a) to the same extent as if such taxes
 16 were imposed by such section 4081.

17 **SEC. 5. BENEFITS OF TAX REDUCTION SHOULD BE PASSED**
 18 **ON TO CONSUMERS.**

19 (a) PASSTHROUGH TO CONSUMERS.—

20 (1) SENSE OF CONGRESS.—It is the sense of
 21 Congress that—

22 (A) consumers immediately receive the
 23 benefit of the reduction in taxes under this Act,
 24 and

1 (B) transportation motor fuels producers
2 and other dealers take such actions as nec-
3 essary to reduce transportation motor fuels
4 prices to reflect such reduction, including imme-
5 diate credits to customer accounts representing
6 tax refunds allowed as credits against excise tax
7 deposit payments under the floor stocks refund
8 provisions of this Act.

9 (2) STUDY.—

10 (A) IN GENERAL.—The Comptroller Gen-
11 eral of the United States shall conduct a study
12 of the reduction of taxes under this Act to de-
13 termine whether there has been a passthrough
14 of such reduction.

15 (B) REPORT.—Not later than September
16 30, 2000, the Comptroller General of the
17 United States shall report to the Committee on
18 Finance of the Senate and the Committee on
19 Ways and Means of the House of Representa-
20 tives the results of the study conducted under
21 subparagraph (A).

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